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S E C R E T STATE 104728

NOFORN
SENSITIVE
SIPDIS
GUATEMALA FOR ELIZABETH MANGINI
SOFIA FOR JOSH HUCK

E.O. 12958: DECL: 10/05/2034
TAGS: [ETTC](#) [KOMC](#) [GT](#) [BU](#)
SUBJECT: BLUE LANTERN LEVEL 2: PRE-LICENSE END-USE CHECK
ON BROKERING AUTHORIZATION BAL 118-09

REF: DIA IIR 7 100 0381 09 OF 8 MAY 2009

Classified By: Daniel J. Buzby, for reasons 1.4(a), (b), and (d)

[1](#)1. (U) This is an Action Request. See paragraphs 4 and 5.

[1](#)2. (U) The Department's Office of Defense Trade Controls Compliance (PM/DTCC) requests Post's assistance in conducting a pre-license check on brokering authorization BAL 118-09 for the brokering of rifles for end-use in Guatemala. Post is requested to complete this Blue Lantern check within 30 days. Lack of response to a Blue Lantern check will affect pending and future licenses involving parties to this license.

[1](#)3. (S//NF) Reason for Request: Export of significant numbers of automatic military rifles at risk of diversion to illicit end-use. Also, Guatemalan foreign intermediary in unfamiliar to PM/DTCC. Finally, there is derogatory information regarding Bulgarian company Khan Asparuh that may question the quality of its product as well as the company's suitability as a party to a U.S. authorization (REFTEL). Past reporting indicates that Khan Asparuh has attempted to defraud customers by repainting and repackaging old defense articles in order to sell them as new. In addition, Vladimir Velchkov of Khan Asparuh was removed from a government position in Bulgaria due to several investigations into his "questionable behavior." This request is to establish the bona fides of this transaction and the parties involved.

[1](#)4. (SBU) Action Guatemala: Post is requested to establish the bona fides of this transaction and foreign intermediary Combat S.A. by making inquiries to representatives of the company and appropriate authorities of the Government of Guatemala. The following points are included for guidance:

(To Combat S.A.)

--When was your company established and who are its principals? Does your company or any of its principals do business under any other names?

--What products and services does your company provide? Who are your regular business partners and where do they reside? Who are your regular customers and where do they reside?

--What is your relationship with Khan Asparuh of Bulgaria and International Security & Defense Systems (ISDS) of Israel? What are the terms of the agreement between your company, Khan Asparuh, and/or ISDS in this transaction?

--What is your relationship with the Guatemalan Ministry of National Defense? What are the terms of the agreement between your company and the Ministry of National Defense in these transactions? Who is your point of contact with the Ministry of National Defense?

--What role is your company playing in these transactions? Is your company receiving any fees or commissions for its services in these transactions? If so, please provide details and documentation.

--Is your company paying any fees or commissions to any third parties for their services in these transactions? If so, please provide details and documentation, including name and addresses for these third parties.

--Will you ever have physical possession of the defense articles on these licenses? If so, please describe your inventory and security procedures.

--Are you familiar with the regulations governing the import and brokering of U.S.-origin defense articles?

(To Ministry of National Defense)

--Can the MND confirm the order of the rifles listed on this authorization request?

--Can the representatives of MND confirm that the rifles listed below are being purchased for official use by the Government of Guatemala?

--With whom did you place the order for these rifles?

--What role is Guatemalan company Combat S.A. playing in this transaction? What role is Bulgarian company Khan Asparuh playing in this transaction? What role is Israeli company International Security & Defense Systems (ISDS) playing in this transaction? What services did these companies provide?

--Please describe any fees or commissions MND is paying Combat S.A., Khan Asparuh, and/or International Security & Defense Systems (ISDS).

(To Appropriate Guatemalan Authorities)

--Is Combat S.A. properly registered and authorized to broker and/or import defense articles in Guatemala?

--Do you have any derogatory information on Combat S.A. that would question its reliability as a broker of defense articles?

In its reply, Post may also comment on any other information pertinent to these transactions such as security of facilities, end-use, and concerns about the entities involved.

15. (SBU) Action Sofia: Post is requested to establish the bona fides of this transaction and foreign supplier Khan Asparuh by making inquiries to representatives of the company and appropriate authorities of the Government of Bulgaria. The following points are included for guidance:

(To Khan Asparuh)

--When was your company established and who are its principals? Does your company or any of its principals do business under any other names?

--What products and services does your company provide? Who are your regular business partners and where do they reside? Who are your regular customers and where do they reside?

--What is your relationship with Combat S.A. of Guatemala and International Security & Defense Systems (ISDS) of Israel? What are the terms of the agreement between your company, Combat S.A., and/or ISDS in this transaction?

--What is your relationship with the Guatemalan Ministry of National Defense? What are the terms of the agreement between your company and the Ministry of National Defense in these transactions? Who is your point of contact with the Ministry of National Defense?

--What role is your company playing in these transactions? Is your company receiving any fees or commissions for its services in these transactions? If so, please provide details and documentation.

--Is your company paying any fees or commissions to any third parties for their services in these transactions? If so, please provide details and documentation, including name and addresses for these third parties.

--Did your company manufacture these rifles? If not, please explain when and from whom you acquired them.

(To Appropriate Bulgarian Authorities)

--Is Khan Asparuh properly registered and authorized to broker or export defense articles in Bulgaria?

--Do you have any derogatory information on Khan Asparuh that would question its reliability as a supplier of defense articles?

In its reply, Post may also comment on any other information pertinent to these transactions such as security of facilities, end-use, and concerns about the entities involved.

16. (U) Details of license applications:

DTC Case: BAL 118-09

QUANTITY/COMMODITY:

5,500 AK-47 Rifles, 7.62 x 39mm

U.S. APPLICANT:

ALS Technologies
1103 Central Blvd.
PO Box 525
Bull Shoals, AR 72619
Tel: 870-445-8746

FOREIGN SUPPLIER:

Khan Asparuh BG Ltd
16, B-8
9302 Dobrich
Bulgaria

FOREIGN MANUFACTURER:

Arsenal Co
100 Rozova Dolina Blvd
6100 Kazanlak
Bulgaria

FOREIGN INTERMEDIARIES:

International Security & Defense Systems (IDSD)
PO Box 173
Nir Zvi, Israel 72905

Combat S.A. Blvd Liberacion 15-86
Z-13 Edificio el Obelisco
Local E
Guatemala City
Guatemala

FOREIGN END-USER:

Ministry of National Defense of Guatemala
32 Street 26-53 Zone 5

Guatemala City
Guatemala

PURPOSE:

For use by the Ministry of National Defense of Guatemala by
the Army of Guatemala/Military Industry

¶7. (U) Please slug reply for PM/DTCC - BLUE LANTERN
COORDINATOR and include the words "Blue Lantern" and the case
number in the subject line. POC is Kyle M. Ballard, Phone:
202-663-1929; Email: BallardKM@state.gov; SIPRNET:
BallardKM@state.sgov.gov. The Blue Lantern Guidebook (ref)
is available as a PDF file on Intellipedia:
<http://www.intelink.gov/wiki/>
Blue Lantern End-Use Monitoring Program

¶8. (U) Department is grateful for Post's assistance in this
matter.
CLINTON